

STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION

COMMONWEALTH EDISON COMPANY	:	
	:	
Proposed new Rider RBA - Revenue	:	Docket No. 22-0138
Balancing Adjustment per Section 16-105.7	:	
of the Public Utilities Act	:	

Direct Testimony of
JONATHON D. LINDSTROM
Senior Rate Administrator, Retail Rates
Commonwealth Edison Company

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1 **I. INTRODUCTION**

2 **A. Witness Identification**

3 **Q. Please state your name and business address.**

4 A. My name is Jonathon D. Lindstrom. My business address is 3 Lincoln Centre, Oakbrook
5 Terrace, Illinois 60181.

6 **Q. By what entity and in what position are you employed?**

7 A. I am employed by Commonwealth Edison Company (“ComEd”) as a Senior Rate
8 Administrator, Retail Rates.

9 **B. Background and Qualifications**

10 **Q. What are your duties and responsibilities at ComEd?**

11 A. As a Senior Rate Administrator in the Retail Rates department of the Regulatory
12 Department within ComEd, my duties include developing and recommending business and
13 regulatory strategies and requirements along with administering the application of
14 ComEd’s tariffs and policies. My duties also include assisting in the preparation of
15 ComEd’s rate design in ComEd’s formula rate update (“FRU”) proceedings.

16 **Q. Can you please describe your educational experience and business background?**

17 A. I graduated from the University of Illinois at Urbana-Champaign with a Bachelor of Arts
18 degree in Economics in 2015. I have been employed by ComEd since 2017. From 2017
19 to 2020, I was an Analyst in the Wholesale Markets and Development group of ComEd’s
20 Energy Acquisition department, where I was primarily responsible for calculating the
21 hourly load of the ComEd Zone within the PJM Interconnection, LLC (“PJM”) regional
22 transmission organization footprint by performing daily settlement to the PJM wholesale

power market. In 2020, I was promoted to my current role as Senior Rate Administrator in the Retail Rates department. Prior to joining ComEd in 2017, I was employed by AEP Energy, an alternative retail electric supplier, for one-and-a-half years. There, I held roles within the risk and pricing organizations where I was responsible for providing retail electric pricing support as well as performing various financial analyses and controls.

Q. Have you submitted testimony to the Illinois Commerce Commission (“Commission” or “ICC”) in prior proceedings?

A. Yes. I provided testimony in both ComEd’s Rider ZEA – Zero Emission Adjustment (“Rider ZEA”) reconciliation proceeding in ICC Docket No. 21-0766 and in ComEd’s proposed revisions to net metering terms and conditions proceeding in ICC Docket No. 22-0036.

C. Purpose of Testimony

Q. What are the purposes of your direct testimony?

A. The purposes of my direct testimony are to:

1. Discuss the background of ComEd’s proposed Rider RBA – Revenue Balancing Adjustment (“Rider RBA”), filed (along with a cover letter, Supplemental Statement, and Informational Sheet) by ComEd with the Commission on January 13, 2022, as Ill. C. C. No. 10, 3rd Rev. Sheet No. 596, *et seq.*; and
2. Discuss the terms and conditions of Rider RBA and when and how it will operate.

D. Summary of Conclusions

Q. Stated briefly, what are the conclusions of your direct testimony?

A. In brief, my conclusions are as follows:

1. Although I am not a lawyer, I understand that ComEd has proposed Rider RBA in compliance with new Section 16-105.7 of the Public Utilities Act (“PUA”), 220 ILCS 5/16-105.7 (“Revenue balancing adjustments”).
2. ComEd’s proposed Rider RBA will operate to balance (reconcile) applicable annual actual distribution revenues for an applicable Reconciliation Period with the revenue requirement(s) approved by the Commission used to set the distribution rates that were in effect for that Reconciliation Period. The reconciliation is performed to prevent under-collections or over-collections. The first annual Revenue Balancing Reconciliation Report under Rider RBA will be filed by ComEd with the Commission by March 20, 2025, for the 2024 Reconciliation Period (the first Reconciliation Period) under Section 16-105.7.

E. Identification of Exhibits

Q. Are any exhibits attached to your direct testimony?

A. Yes. They include the following:

- **ComEd Exhibit (“Ex.”) 1.01** presents the proposed Rider RBA and the applicable Informational Sheet (as filed on January 13, 2022); and
- **ComEd Ex. 1.02** presents the Rider RBA Work Paper.

II. REGULATORY FRAMEWORK

Q. Can you provide a short overview of the regulatory framework that prompted ComEd’s filing of the proposed tariff?

A. Yes. Although I am not a lawyer, I understand that ComEd prepared and filed proposed Rider RBA with the Commission to comply with the requirement of Section 16-105.7 of the PUA for a revenue balancing adjustment tariff filing. Section 16-105.7(a) of the PUA

68 outlines several reasons the General Assembly determined that it is in the public interest to
69 decouple electric utility sales and revenues through a revenue balancing adjustment tariff.

70 It is in the public interest to decouple electric utility sales and revenues, to
71 mitigate the impact on utilities of energy savings goals, to mitigate a utility's
72 disincentive to promote energy efficiency, and to recognize changes in sales
73 attributable to weather, electric vehicles and other electrification, adoption
74 of distributed energy resources, and other volatile or uncontrollable factors
75 without adversely affecting utility customers.

76 220 ILCS 5/16-105.7(a).

77 The statute required ComEd to file its proposed tariff within 120 days of the
78 effective date of Public Act 102-0662, often referred to as the "Climate and Equitable Jobs
79 Act" or "CEJA". The Climate and Equitable Jobs Act was effective on September 15,
80 2021. 120 days after that date was January 13, 2022. ComEd made its Rider RBA filing
81 on that date.

82 **Q. As a non-lawyer, what is your general understanding of the nature of the tariff**
83 **required by Section 16-105.7?**

84 In brief, as I understand it, the statute calls for a revenue balancing adjustment tariff. The
85 tariff must: (1) on a delivery class basis, balance (reconcile) applicable annual actual
86 distribution revenues for a Reconciliation Period with the revenue requirement or
87 requirements approved by the Commission that were used to set the distribution rates that
88 were in effect for that Reconciliation Period; and (2) provide for a first annual revenue
89 balancing reconciliation report with the Commission by March 20, 2025, to balance
90 distribution revenues for the first Reconciliation Period, 2024.

91 **Q. Is that what proposed Rider RBA does?**

A. Yes. Rider RBA balances (reconciles) applicable annual actual distribution revenues for a given Reconciliation Period with the revenue requirement(s) approved by the Commission that were used to set the distribution rates that were in effect for that period for each delivery class. Rider RBA provides for the first annual reconciliation filing in 2025, on or before March 20th, to balance distribution revenues for the year 2024. Under the rider, an adjustment factor will be determined on a delivery class basis, called the Revenue Balancing Adjustment Factor (“RBAF”), which could be a charge or a credit, to be applied to Base Delivery Service Charges on customer bills during the applicable period to reconcile any over- or under-collection to the Commission-approved revenue requirement(s). The reconciliation balance, and thus the adjustment to customers’ bills, could be a positive figure (a charge) or a negative figure (a credit).

III. RIDER RBA

A. Overview

Q. What is the purpose of ComEd’s proposed Rider RBA?

A. As discussed in the Purpose section of Rider RBA, the purpose of the rider is to effectuate the provisions in Section 16-105.7 of the PUA to prevent ComEd from under-collecting or over-collecting distribution revenues for the applicable period as compared to the revenue requirement or requirements approved by the Commission on which the delivery service charges giving rise to those revenues were based.

Q. Which retail customers does Rider RBA apply to?

A. The Applicability section of the Rider states that it “is applicable to all retail customers”.

Q. What is the general structure of Rider RBA?

114 A. Rider RBA employs the same general structure that is used in ComEd's other retail tariffs.
115 Conceptually, the rider includes various sections for two topic areas. The first topic area
116 relates to the determination of the Revenue Balancing Adjustment Amount ("RBAA") to
117 be recovered or credited to retail customers through the application of RBAFs. The second
118 topic area relates to the filings, reconciliations, and procedures required under the rider.

119 **Q. Can you provide an overview of Rider RBA's principal sections?**

120 A. Yes. In addition to the Applicability and Purpose sections, which I previously described,
121 Rider RBA includes other distinct sections. They are:

122 **Definitions** – Defines the terms used throughout the rider that are not already described in
123 ComEd's General Terms and Conditions tariff, Ill. C. C. No. 10, 6th Rev. Sheet No. 125, *et*
124 *seq.*

125 **Determination of the Revenue Balancing Adjustment Amount** – Describes the process
126 for calculating the RBAA for each delivery class to be recovered or credited to retail
127 customers through the application of the RBAF.

128 **Determination of the Revenue Balancing Adjustment Factor** – Describes the process
129 for calculating the RBAFs for each delivery class to be applied to Base Delivery Service
130 Charges on each retail customer's bill, which provides for the recovery or credit of the
131 RBAA.

132 **Annual Review and Reconciliation** – Identifies the requirement for ComEd to file an
133 annual revenue balancing reconciliation report with the Commission and identifies the

Commission's guidelines around initiating a review of such report and the charges/credits contained therein.

Informational Filings – Describes the process of updating RBAFs through informational filings and the dates associated with such filings.

Miscellaneous General Provisions – Notes that this rider is part of ComEd's Schedule of Rates, Ill. C. C. No. 10, and that service under this rider is subject to the other provisions of the Schedule of Rates, as applicable.

Q. What is the Reconciliation Period?

A. As defined in the Definitions section of Rider RBA, the Reconciliation Period means the applicable period for which ComEd is calculating the difference between the revenue requirement or requirements approved by the Commission and the recovery of such revenue requirement or requirements through the application of then effective delivery service charges during the applicable monthly billing periods in such period. The initial Reconciliation Period begins on the effective date of delivery service charges approved in accordance with Article IX of the PUA, 220 ILCS 5/9-101, *et seq.*, or Section 16-108.18 of the PUA, 220 ILCS 5/16-108.18, and extends through the following December 31. For example, if ComEd files a Multi-Year Rate Plan ("MRP") under Section 16-108.18(d)(1) of the PUA for delivery services rates to be effective for the billing periods January 1, 2024, through December 31, 2027, or a general rate case under Article IX with rates effective on January 1, 2024, then the initial Reconciliation Period would begin on January 1, 2024, and extend through December 31, 2024. Subsequent Reconciliation Periods shall begin on January 1 and extend through the following December 31. Using the same

example above, the first subsequent Reconciliation Period would begin on January 1, 2025, and extend through December 31, 2025, and so on for each Reconciliation Period thereafter.

Q. What is the Effective Period?

A. As defined in the Definitions section of Rider RBA, the Effective Period means the period during which the RBAFs are applicable. The Effective Period begins with the first January monthly billing period after the RBAFs are approved under Section 16-105.7(c) of the PUA, extending through the following December monthly billing period. Again, assuming ComEd files a MRP for delivery service rates to be effective for the billing periods January 1, 2024, through December 31, 2027, or a general rate case under Article IX, the first Effective Period would begin with the January 2026 monthly billing period and extend through the December monthly billing period.

Q. What are Base Delivery Service Charges?

A. As defined in the Definitions section of Rider RBA, Base Delivery Service Charges mean applicable delivery service charges, including the Illinois Electric Distribution Tax Charge (“IEDT”), as determined in ComEd’s most-recent rate case in accordance with Article IX or Section 16-108.18 of the PUA for the provision of delivery service during the Effective Period. Base Delivery Service Charges are listed in the Delivery Service Charges Informational Sheets of ComEd’s Schedule of Rates.

B. Timeline

Q. Can you provide an illustrative timeline for the operation of Rider RBA?

Figure 1 – Illustrative Rider RBA Timeline

[illegible]

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the report and shall not be subject to review in any other proceeding. Any balancing adjustment shall take effect beginning with the following January monthly billing period.¹

Q. When would the RBAFs be applied to customer bills?

A. As illustrated in Figure 1, the RBAFs would generally be effective beginning with each January monthly billing period, beginning in 2026 and every year thereafter, and would extend through the December monthly billing period.

Q. When would ComEd refund or collect from customers any over- or under-collection of RBAs?

A. Any over- or under-collection of RBAs arising through the application of the RBAFs will be calculated during the first quarter of the year subsequent to the application of the RBAF and would be applied through the Reconciliation Amount ("RA"). The RA would be calculated on a delivery class basis and would be refunded or collected during the nine (9) consecutive monthly billing periods beginning in April and continuing through December of each year, beginning in 2027, as illustrated in Figure 1 in gray and light blue.

C. Tariff Mechanics

Q. Can you provide more detail regarding the calculation of the RBAA?

A. Yes. The RBAA for an applicable Reconciliation Period is determined in accordance with the provisions of the Determination of the Revenue Balancing Adjustment Amount section of the Rider. On a delivery class basis, the RBAA is equal to : (1) the difference between the revenue requirement or revenue requirements approved by the Commission on which

¹ The statute refers to "during" the January monthly billing period, but, in context, I understand that to mean beginning with the January monthly billing period. Otherwise, the RBAF for an entire year would have to be applied during a single month.

the delivery service charges giving rise to those revenues were based and the actual delivery service revenues during the Reconciliation Period, plus (2) an allocated share of the difference between Other Revenues included in the determination of the base rate revenue requirement applicable to delivery service charges during the Reconciliation Period and the actual Other Revenues, plus (3) an allocated share of total interest calculated using the pre-tax weighted average cost of capital. Each resulting RBAA for each delivery class could be positive or negative. For each delivery class, the RBAA is calculated as shown with the following equation:

$$RBAA_D = \left[(RCR_D - ACR_D) + \left[(OR - OR_A) \times \left(\frac{RCR_D}{RCR_T} \right) \right] + \left[I \times \left(\frac{RCR_D}{RCR_T} \right) \right] \right]$$

Where:

- **D** = Delivery Class, equal to the Delivery Class as defined in the General Terms and Conditions of ComEd's Schedule of Rates.
- **RBAA_D** = Revenue Balancing Adjustment Amount, in \$, equal to the amount to be recovered or credited through the RBAF during the Effective Period for Delivery Class, D.
- **RCR_D** = Rate Case Revenue Requirement – Delivery Class, in \$, equal to the Base Rate Revenue Requirement allocated to Delivery Class, D, from the rate design approved by the ICC in ComEd's most recent rate case, applicable during the Reconciliation Period.

- **ACR_D** = Actual Recovery Amount, in \$, equal to the delivery service revenues arising from revenue requirements approved by the ICC which were billed during the Reconciliation Period, for Delivery Class, D.
- **OR** = Other Revenues, in \$, equal to miscellaneous revenues recorded in Federal Energy Regulatory Commission (FERC) accounts 449-457 that are directly assigned or allocated to the delivery service or distribution function and are deducted from ComEd's revenue requirement in the determination of the Base Rate Revenue Requirement applicable during the Reconciliation Period.
- **OR_A** = Actual Other Revenues, in \$, equal to the actual miscellaneous revenues described above which ComEd received during the Reconciliation Period.
- **RCR_T** = Rate Case Revenue Requirement – Total, in \$, equal to the total Base Rate Revenue Requirement approved by the ICC in ComEd's most recent rate case, applicable during the Reconciliation Period.
- **I** = Total Interest, in dollars, calculated using the pre-tax weighted average cost of capital most recently approved by the ICC in its final order establishing ComEd's ICC jurisdictional delivery service revenue requirement.

Q. How will the Rate Case Revenue Requirement by Delivery Class (RCR_D) be determined if ComEd elects (or the Commission orders ComEd) to implement a rate phase-in plan (or other revenue-neutral mitigation) under Section 16-108.18(d)(13) or (14) with respect to a Multi-Year Rate Plan?

A. If ComEd were to elect to file a Multi-Year Rate Plan and if the Commission approves a rate phase in under Section 108.18(d)(13), then a portion of ComEd's approved total base rate revenue requirement would be deferred for collection to a future time period. In that case, the base rate revenue requirement approved by the Commission on which the delivery service charges giving rise to those revenues were based, for purposes of Rider RBA, would exclude the portion of the approved rate increase not implemented in the first step of the rate phase-in plan. Therefore, Rider RBA would reconcile the actual base rate revenues by class to the Commission-approved base rate revenue requirement allocated to each delivery class that excludes the portion of the rate increase not implemented in the first step of the rate phase-in plan.

Q. How is the RBAF determined?

A. The RBAF is a percentage that is calculated, on a delivery class basis, by placing the RBAA in the numerator and dividing by projected base rate revenue in the denominator, for the upcoming January through December monthly billing periods. Also included in the RBAF are adjustments for the RA or Reconciliation Amount and any applicable ICC Ordered Amount ("OA"), with interest, in the numerator divided by the applicable projected base rate revenues in the denominator. The RBAF is expressed as a percentage carried to four decimal places and is applied to Base Delivery Service Charges of each retail customer's bill in accordance with the following equation:

$$RBAF_D = \left[\frac{RBAA_D}{PBRR_D} + \frac{RA_D}{PBRR_D - RA} + \frac{OA_D \times (1 + i)}{PBRR_D} \right] \times 100 \times \left(\frac{100\%}{1} \right)$$

Where:

- **D** = Delivery Class, as defined in the Determination of the Revenue Balancing Adjustment Amount section of this tariff.
- **RBAF_D** = Revenue Balancing Adjustment Factor, in % format, applicable to Base Delivery Service Charges for Delivery Class, D, as applicable.
- **RBAAD** = Revenue Balancing Adjustment Amount, in \$, equal to the RBAAD during the applicable Reconciliation Period for Delivery Class, D.
- **PBRR_D** = Projected Base Rate Revenues, equal to the projected base rate revenues for Delivery Class, D, to be billed during the applicable Effective Period.
- **RBRR_{D-RA}** = Projected Base Rate Revenues, equal to the projected base rate revenues for Delivery Class, D, for the April through December monthly billing periods of the applicable Effective Period.
- **RA_D** = Reconciliation Amount, in \$, equal to zero dollars (\$0.00) for each RBAF applicable during January, February, and March monthly billing periods, otherwise equal to an amount determined in accordance with the following equation:

$$RA_D = (RBAAD_P - RBAAR_{DP} + RA_{DP}) \times (1 + i)$$

Where:

- **RBAAD_P** = Prior Revenue Balancing Adjustment Amount, in \$, equal to the RBAAD during the applicable Reconciliation Period for Delivery Class, D, which was intended to be collected during the previous Effective Period.

- 292 • **$RBAAR_{DP}$** = Revenue Balancing Adjustment Amount Recoveries, in \$,

293 equal to the revenues billed due to the application of the $RBAF_D$ during the

294 previous Effective Period for Delivery Class, D.
- 295 • **RA_{DP}** = Prior Reconciliation Amount, in \$, equal to the RA_D in effect during

296 the previous Effective Period for Delivery Class, D.
- 297 • **i** = Interest, in decimal format, equal to the pre-tax weighted average cost

298 of capital most recently approved by the ICC in its final order establishing

299 ComEd's Illinois-jurisdictional delivery service revenue requirement.
- 300 • **OA_D** = Ordered Amount, in \$, equal to any adjustment (a) directed by the

301 Commission or (b) determined by ComEd that is to be refunded to or collected from

302 retail customers to correct for errors associated with the computation of the most

303 recently applied RA for Delivery Class, D.

304 **Q. Can the RBAF be revised during the Effective Period?**

305 A. Yes. If ComEd determines during the Effective Period that it is appropriate to revise the

306 RBAF to better match the RBAA or RA, ComEd may, from time to time, calculate a

307 revised RBAF to become effective at the beginning of any monthly billing period during

308 the Effective Period. Any such revision must be submitted by ComEd to the Commission

309 in an informational filing no later than the twentieth (20th) day of the month prior to the

310 monthly billing period during which any such revised RBAF becomes applicable. *See*

311 ComEd Ex. 1.01 at 3rd Rev. Sheet No. 600.

D. Filings and Procedures

Q. How will ComEd implement Rider RBA?

A. As described in Rider RBA, ComEd Ex. 1.01 at 3rd Rev. Sheet No. 599, following each Reconciliation Period, on or before March 20, ComEd will file with the Commission an annual revenue balancing reconciliation report reflecting each RBAA for the applicable Reconciliation Period and identifying the charges or credits to be applied through the application of each RBAF applicable in the Effective Period. ComEd must also include in such report the determination of each RA to be applicable beginning with the April monthly billing period during the Effective Period, as applicable.

Q. How will RBAFs be filed with the Commission?

A. RBAFs will be submitted to the Commission in an informational filing. Each such informational filing must be accompanied by the supporting work papers set forth in ComEd Ex. 1.02. For the RBAF scheduled to be applicable beginning with a January monthly billing period and extending through the following December monthly billing period, ComEd must file such RBAF with the Commission for informational purposes on or before December 20 after the annual revenue balancing reconciliation report filing pertaining to updates to such RBAF as described in the Annual Review and Reconciliation section of this tariff. Such filing must also incorporate an ICC approved corrective value in an RA or OA, if applicable.

Q. When will Reconciliation Amounts ("RA") be filed with the Commission?

A. After the application of the first RBAF and annually thereafter, ComEd must file on or before March 20, to be effective with the April monthly billing period, updates to each

RBAF to incorporate nonzero RAs, as applicable, to reconcile the differences between the approved RBAA and actual collections for the prior year.

Q. Can the Commission review ComEd's Rider RBA reconciliation?

A. Yes. Within one hundred twenty (120) calendar days after ComEd files its update with the Commission as described in the Annual Review and Reconciliation section of Rider RBA, the Commission may initiate a proceeding to review the annual revenue balancing reconciliation report and the identified charges or credits (through the application of RBAFs) to determine if any subsequent adjustment is necessary to align actual delivery service revenues and the revenue requirement or requirements approved by the ICC on which the delivery service charges giving rise to those revenues were based. Although I am not a lawyer, I understand that pursuant to Section 16-105.7 of the PUA, the Commission's Order in such proceeding must also be entered within one hundred twenty (120) calendar days after the date of ComEd's filing. In the event that the Commission does not initiate such a proceeding within one hundred twenty (120) calendar days, I understand Section 16-105.7 of the PUA provides that the report and identified charges or credits filed by ComEd as described in the Annual Review and Reconciliation section are deemed accepted and approved.

IV. CONCLUSION

Q. Does this conclude your direct testimony?

A. Yes.